

**Internal Revenue Service**  
P.O. Box 2508  
Cincinnati, OH 45201

**Department of the Treasury**

Number: **202017033**  
Release Date: 4/24/2020

**Date: January 30, 2020**

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND**

UIL: 4945.04-04

B = Name  
C = Name  
D = Name  
F = Name

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code (IRC) Section 4945(g)(1) and for advance approval of your educational grant procedures under IRC Section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

**Our determination**

We approved your procedures for awarding scholarship grants under IRC Section 4945(g)(1). We also determined that your procedures for awarding educational grants meet the requirements of IRC Section 4945(g)(3). Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarship and educational grants meet the requirements of IRC Sections 4945(g)(1) and 4945(g)(3), respectively. As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under IRC Section 4945(g)(1) are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in IRC Section 117(b)).

**Description of your request**

Purpose and criteria:

The purpose of scholarship B is to fund, in whole or in part, the tuition and board costs for attendance at a college or university by qualified students who would not otherwise be able to afford such attendance. The criteria for the scholarship will be financial need,

demonstrated by the tax returns of the student and/or his/her family, and demonstrated academic ability and effort, based on the student's grades, test scores, and faculty recommendations.

The purpose of scholarship C is to fund, in whole or in part, the tuition and board costs for a master's, doctorate, or other advanced degree from a college or university by qualified students who would not otherwise be able to afford such attendance. The criteria for the scholarship will be financial need, demonstrated by the tax returns of the student or their family, and demonstrated academic ability and effort, based on the student's grades, test scores, and faculty recommendations.

The purpose of scholarship D is to fund, in whole or in part, the tuition costs for attendance at a specialized primary school (e.g., a school for students with autism or other learning disabilities) by qualified students who would not otherwise be able to afford such attendance. The criteria for the scholarship will be financial need, demonstrated by the tax returns of the student or their family, and demonstrated need, based on a professional diagnosis of the student's learning needs.

The purpose of grant F is to fund the costs and expenses of an individual, entity, or organization pursuing a project in research, writing, or the arts. The criteria for the grant will be financial need, demonstrated by the tax returns of the applicant, and demonstrated public benefit of the proposal, based on a full description of the project submitted by the applicant.

#### Publication:

Applicants may be solicited through e-mail, internet, or postings at colleges, universities, research institutions, hospitals, think tanks, research libraries, conservatories, and other similar institutions affiliated with advancements in law, economics, medicine, history, literature, science, or the arts.

#### Selection procedures:

In addition to financial need, you consider academic and professional achievements, plans for the use of the scholarship or grant, reference letters, and lists of publications. Recipients are selected by your screening board, which may be your full board of directors or a committee comprising individuals appointed by your board of directors. Relatives of selection committee members, or of your officers, directors or substantial contributors, are not eligible for awards under your programs.

#### Oversight:

Each grantee is required to provide periodic reports to you showing their progress toward the original goal of the grant and accounting for the use of grant funds. Upon completion, the grantee must provide a final report, including a copy of the grantee's final work product. Where reports or other information indicate that all or any part of the grant funds

are not being used for the purposes of such grant, you will initiate an investigation and withhold further payment. You will take all reasonable and appropriate steps to recover diverted grant funds or to ensure the restoration of diverted funds. You may choose not to require reports when (1) the grant is a scholarship or fellowship subject to the provisions of IRC Section 117(a) and is to be used for study at an educational institution which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where the educational activities are carried on, (2) you pay the scholarship or fellowship to the educational institution, and (3) the educational institution agrees to use grant funds to defray the recipient's expenses or pay funds to the recipient only if the recipient is enrolled at the educational institution and the recipient's standing at such institution is consistent with the purposes and conditions of the grant. You will not require reports if the grant is an award or prize granted in recognition of past achievements and not tied to any future study, work, travel or other commitment, within the meaning of Rev. Rul. 75-393, 1975-2 C.B. 451.

### **Basis for our determination**

The law imposes certain excise taxes on the taxable expenditures of private foundations (IRC Section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of IRS Section 117(a).
- The grant is to be used for study at an educational organization described in IRS Section 170(b)(1)(A)(ii).
- A prize or award subject to the provisions of IRC Section 74(b), if the recipient of the prize or award is selected from the general public; or
- To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulation Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

### **Other conditions that apply to this determination**

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service  
Exempt Organizations Determinations  
P.O. Box 2508  
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements